

Message Text

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51

ACTION TRSE-00

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USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONGEN MILAN

AMCONGEN NAPLES

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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PASS TREASURY FOR BENNETT

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALIAN PRESS REPORTS ON COLOMBO-SIMON DISCUSSIONS

1. /SUMMARY/. ITALIAN PRESS COVERAGE OF COLOMBO-SIMON
DISCUSSIONS CONSISTED LARGELY OF PARAPHRASING OCTOBER 4
COMMUNIQUE WITH SOME SPECULATION ABOUT POSSIBLE US LOAN TO
ITALY. US/GOI SUPPORT FOR NEW IMF INTERIM COMMITTEE AND
ACKNOWLEDGEMENT OF URGENCY IN RESOLVING PROBLEM OF RECYLCING
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OF PETRODOLLARS WERE EMPHASIZED. FINANCIAL PRESS ALSO FOCUSED

ON UNDER SECRETARY BENNETT'S STATEMENTS THAT USG WILL NOT CONTRIBUTE TO ENLARGED IMF OIL FACILITY AND ON STATEMENTS MADE BY COLOMBO AT PRESS BRIEFING CONCERNING DEVELOPMENT OF NEW BILATERAL RELATIONSHIP BETWEEN USG AND GOI WHICH WILL SERVE TO HELP ITALY FACE ITS IMMEDIATE FINANCIAL CRISIS.
/END SUMMARY/.

2. ITALIAN NON-FINANCIAL PRESS LARGELY PARAPHRASED TEXT OF COLOMBO-SIMON JOINT STATEMENT RELEASED AT CONCLUSION OF DISCUSSIONS FOCUSING ON USG/GOI SUPPORT FOR NEW IMF INTERIM COMMITTEE OF MINISTERS, NEED FOR URGENCY TO RESOLVE PROBLEM OF RECYCLING OF PETRODOLLARS, AND REASSURANCES GIVEN BY PRESIDENT FORD THAT "THE US IS PREPARED TO PLAY AN APPROPRIATE, CONSTRUCTIVE AND RESPONSIBLE ROLE IN A RETURN TO ECONOMIC EQUILIBRIUM IN ITALY."

3. "CORRIERE DELLA SERA" (CONSIDERED MOST INFLUENTIAL NEWSPAPER IN ITALY) QUOTES COLOMBO AS REVEALING THAT IN HIS MEETING WITH SIMON THEY DISCUSSED "THE PROSPECT OF A US LOAN TO ITALY" BUT THAT THERE WERE TWO REASONS FOR NO LOAN AT THIS TIME. FIRST, "LOAN WOULD REQUIRE APPROVAL OF US CONGRESS" WHERE THE PROSPECTS FOR SUCH A LOAN ARE "CONSIDERABLY IN DOUBT" AND, SECOND, "THE ITALIAN GOVERNMENT CRISIS CASTS A QUESTIONMARK OVER THE ECONOMIC ACTION WHICH ITALY INTENDS TO EMPLOY TO CONFRONT ITS CURRENT ECONOMIC PROBLEMS." ARTICLE ADDS THAT COLOMBO STATED THAT "THE CONTINUITY OF THE GOI ECONOMIC PROGRAM WILL NOT BE CHANGED."

4. ITALIAN FINANCIAL PRESS, IN ADDITION TO PARAPHRASING COMMUNIQUE WITH SIMILAR EMPHASIS AS GENERAL PRESS, ALSO REPORTED ON UNDER SECRETARY BENNETT'S STATEMENTS ON USG POSITION RE IMF OIL FACILITY, EXISTENCE OF \$3 BILLION LINE OF CREDIT WITH US FED, AND ON COLOMBO PRESS CONFERENCE HELD AFTER COLOMBO-SIMON DISCUSSION.

5. "IL SOLE-24 ORE" (MOST INFLUENTIAL FINANCIAL NEWSPAPER IN ITALY) REPORTED THAT UNDER SECRETARY BENNETT STATED AT NEWS CONFERENCE THAT "THE USG WILL NOT LOAN FUNDS TO THE IMF TO CONTRIBUTE TO FINANCING PETROLEUM IMPORTS IN OTHER COUNTRIES." HOWEVER, ARTICLE GOES ON TO SAY THAT
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"USG WOULD NOT HAVE ANY OBJECTIONS IF THE IMF WOULD DECIDE TO SELL A NEW TYPE OF BOND IN US CAPITAL MARKETS FOR THIS PURPOSE."

6. "IL GLOBO" (ANOTHER MAJOR FINANCIAL NEWSPAPER) IN ITS FRONT PAGE REPORT ON DISCUSSIONS LISTS FINANCIAL RESOURCES AVAILABLE TO ITALY INCLUDING "\$3 BILLION LINE OF CREDIT MAINTAINED WITH THE FEDERAL RESERVE BANK AND OTHER LINES OF

CREDIT TOTALING \$1 BILLION WITH CENTRAL BANKS OF GERMANY, SWITZERLAND AND CANADA." ARTICLE ADDS THAT THESE "RESERVES CONSTITUTE A LINE OF DEFENSE AND OF SAFETY." ARTICLE ALSO INDICATES THAT "US IS NOT ENTHUSIASTIC ABOUT PROPOSED ENLARGEMENT OF FUND OIL FACILITY--WHICH IS OF CONSIDERABLE INTEREST TO ALL THE INDUSTRIAL COUNTRIES OF EUROPE--BUT THAT IT WOULD NOT HINDER CREATION OF THIS NEW FACILITY." THERE WAS NO FOLLOW-UP IN THIS ARTICLE ON ITS FLAMBOYANT TITLE, "PERHAPS THE US LOAN WILL ARRIVE WHEN THE CRISIS IS RESOLVED."

7. IN SEPARATE ARTICLE REPORTING INTERVIEW WITH COLOMBO, "IL GLOBO" REPORTS COLOMBO AS SAYING: "I DO NOT EXCLUDE THE POSSIBILITY THAT THE DEVELOPMENT OF BILATERAL RELATIONS BETWEEN ITALY AND THE US WILL HELP US TO FACE THE IMMEDIATE SITUATION AND THAT THIS WILL PROVIDE THE TIME NECESSARY FOR INTERNATIONAL ORGANIZATIONS TO INTERVENE MORE INCISIVELY IN SUPPORT OF ITALY." ARTICLE ALSO CONTAINS COLOMBO FORECAST OF AN \$8 BILLION BALANCE OF PAYMENTS DEFICIT FOR ITALY IN 1974, AND COLOMBO VIEW THAT "ITALY SUPPORTS AN INCREASE IN THE INTEREST RATE TO BE PAID BY THE IMF TO ATTRACT ARAB CAPITAL." BEAUDRY

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